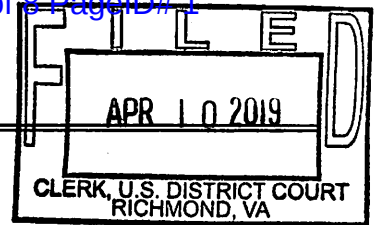


AO 91 (Rev. 08/09) Criminal Complaint



UNITED STATES DISTRICT COURT

for the

Eastern District of Virginia

United States of America

v.

Case No. 3:19-mj-58

Pranit Gajanan Patil

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of January 2011-November 16, 2016 in the county of Chesterfield in the
Eastern District of Virginia, and elsewhere, the defendant(s) violated:

Code Section

Offense Description

18 U.S.C. Section 1349

Conspiracy to Commit Wire Fraud

This criminal complaint is based on these facts:
 See Attached Affidavit

☒ Continued on the attached sheet.

Reviewed by AUSA/SAUSA:

Michael C. Moore

Complainant's signature

James R. Conner, III

Printed name and title

Special Agent, FBI

Sworn to before me and signed in my presence.

Date:

April 10, 2019

/s/

David J. Novak

United States Magistrate Judge

City and state:

Richmond, Virginia

David J. Novak, U.S. Magistrate Judge

Printed name and title

AFFIDAVIT

I, James R. Conner III, being first duly sworn, hereby depose and state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I make this affidavit in support of an application for a criminal complaint and an arrest warrant in regard to Pranit Gajanan Patil, a citizen of India. The complaint and arrest warrant are requested based on the evidence provided in this affidavit that there exists probable cause to believe that Pranit Gajanan Patil violated Title 18, United States Code, Section 1349 (Conspiracy to Commit Wire Fraud).

2. I am a Special Agent of the Federal Bureau of Investigation (FBI), currently assigned to the Richmond Field Office. I have been a Special Agent since February 1995. During my career as a Special Agent I have conducted hundreds of fraud investigations, and have received extensive training in white collar criminal matters. I have also received legal training regarding the preparation of affidavits for complaints and warrants.

3. This affidavit is intended to show that there is sufficient probable cause for the requested complaint and warrant, and does not set forth all of my knowledge about this matter.

4. Based on my training and experience, I believe the facts as set forth in this affidavit constitute probable cause that Pranit Gajanan Patil committed a violation of Title 18, United States Code, Section 1349.

5. American Alliance Financial & Funding Group LLC (AAFFG) is a Nevada entity whose managing member is Steven Vernon Cross of Michigan. Cross is

also listed as President and Chief Executive Officer of AAFFG in numerous communications and on its website. Commonwealth Applied Silica Technologies, LLC (CAST) is a Virginia entity, and is referred to as a subsidiary of AAFFG until recently. According to his business card, Charles Richard Scales, Jr. is Senior Executive VP of AAFFG. According to other sources including press releases and websites, Scales is President of CAST. It is noted that Scales has recently resigned his positions with that company.

6. This investigation was initiated in July 2014 when the Grand Rapids Police Department in Michigan referred an investment fraud complaint to the FBI in Grand Rapids, Michigan. The complaint states that a couple in Grand Rapids invested approximately \$85,000 with Steven V. Cross dba/American Alliance Financial & Funding Group, LLC (AAFFG) in January 2011. The couple was promised a substantial return that never amounted, and Cross has stopped communicating with them.

7. In September 2014, the Grand Rapids Police obtained a search warrant for the bank records of two Bank of America accounts related to their investigation of Steven Cross: A personal checking account in the name of Steven Cross (-4526); and a business checking account in the name of AAFFG (-3216). Analysis of these records revealed approximately thirty potential investors depositing more than \$1.2 million into the business account. Several of the investors are located in the Richmond, Virginia vicinity. It is noted that approximately \$482,000 of the funds deposited in the AAFFG checking account were transferred to Steven Cross' personal checking account.

8. According to an investor in Richmond, Scales made representations that CAST has hundreds of millions of dollars in contracts to provide silica quartz plates and

synthetic fused silica to the National Aeronautics and Space Administration (NASA). Additional representations were made by Scales concerning the existence of patents held by CAST or AAFFG. These representations were believed by the investor, and were material to the investor's decision to invest.

9. In October 2014, Scales emailed the Richmond investor several documents including an "Invoice Copy" of a NASA contract for CAST. On this document which purports to be a document originating at NASA, Pranit Patil is listed as the Responsible Officer along with his email address, pranit_patil@nasa.gov. This document suggests CAST will be doing in excess of \$88 million worth of business with NASA concerning High Quality Quartz Mask Plates.

10. In October 2016, Scales was interviewed by the affiant. Scales advised he has been raising funds for AAFFG and CAST at the direction of Steven Cross. Scales was of the belief that CAST had lucrative contracts with NASA. Everything Scales knew regarding NASA, he (Scales) learned from Steven Cross. Scales learned from Cross that the point of contact at NASA with whom Cross was working was Dr. Pranit Patil.

11. In January 2017, Scales provided a transcript of a Facebook Messenger exchange he (Scales) had with Patil in July and August 2016. It is noted that Scales conducted the chat from his home and his office located in Midlothian, Virginia within the Eastern District of Virginia. In the transcript, Patil holds himself out to be a NASA official by discussing an upcoming trip to Houston concerning the CAST NASA contracts. Patil also stated he would be undertaking some Astronaut training soon. Patil further stated he would soon become commander of a certain crew.

12. On March 24, 2015, an agent from NASA's Office of the Inspector General provided information concerning efforts taken to authenticate the NASA contracts. The report from NASA indicates the contracts are not authentic. Additionally, the name of the NASA employee appearing on the contracts, Pranit Patil, is not a NASA employee. Additionally, NASA reported that the email address pranit_patil@nasa.gov is not the email address of any NASA employee.

13. Despite the lack of authenticity of the NASA contracts, Cross instigated efforts to deliver frac sand, a material purportedly needed to fulfill the contract for High Quality Quartz Mask Plates. Cross engaged with Michael Spellmeyer and Todd McCain of GNS Frac LLC of Mobile, Alabama. Spellmeyer advised during an interview in November 2016 that GNS Frac LLC undertook the task of delivering truck loads of frac sand because of representations by Cross. Cross told Spellmeyer and McCain that his company had lucrative contracts with NASA.

14. Spellmeyer advised that representations made by Pranit Patil were also important in legitimizing the job. As an example of such representations, Spellmeyer was copied on an email from Patil containing NASA policy on applying for NASA credentials necessary to access Johnson Space Center in Texas. This email and others appeared to originate from email address pranit_patil@nasa.gov.

15. Spellmeyer recalls that Patil instructed him (Spellmeyer) during a conference call to utilize an email address other than pranit_patil@nasa.gov when sending email to Patil. Patil stated he (Patil) could not receive email at this "nasa.gov" address. Patil explained that pranit_patil@nasa.gov is part of a closed email network at

NASA. Patil further explained he (Patil) could send emails from this address to others not in the network.

16. Spellmeyer recorded phone call conversations with Patil where Patil takes on the role of directing the project for NASA. Spellmeyer recalls that he (Spellmeyer) personally spent several days outside of Johnson Space Center in Texas in November 2015 trying to deliver truck loads of frac sand. Spellmeyer recalls the truck loads of sand were refused at the gates to Johnson Space Center. The NASA individuals at the gate would not allow the frac sand into Johnson Space Center and stated they had no record of the shipment.

17. Spellmeyer, McCain and another business man named Dale Behan communicated by email and cell phone with Patil. During these emails and phone conversations, Patil stated he was working within NASA to get the matter resolved promptly. Patil also stated he was busy with another NASA project. Your affiant has listened to recorded conversation between Behan, Patil, and others where it is clear to your affiant that Patil is taking on the role of a NASA official, although he does not explicitly state as much.

18. Josh Lehde, Chief Executive Officer (CEO) of Cave City Sand LLC in Missouri was interviewed in December 2016. Lehde believed Patil to hold a doctoral degree and to be an employee of NASA. Lehde advised that he took a trip to Johnson Space Center in January 2016 to attend a conference with Patil, Cross, Behan and others. Lehde recalls that Behan and the others referred to Patil as "Dr. Patil". Lehde understood that Patil was hosting the conference as a NASA employee. In advance of the meeting,

Lehde received a ticket to attend the conference. The ticket itself showed Pranit Patil's name on it as the person who had ordered the ticket.

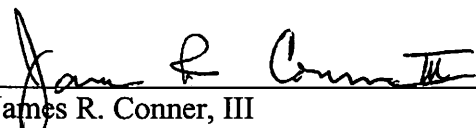
19. Additionally, Lehde recalls Patil used an email address that appeared to be a NASA email address. Lehde advised the address included Patil's name and ended in "nasa.gov."

20. In February 2016, Cross approached AR Factoring, LLC, a Louisiana limited liability company engaged in the business of factoring, a form of financing in which a debtor business sells accounts receivable to a third party at a discount to obtain working capital. Cross sold AR Factoring accounts receivable CAST had with NASA that were purportedly valued at \$602,640, for the discounted sum of \$480,000. These accounts receivable were, in fact, non-existent, as CAST had no contracts with NASA. As a result, on or about March 4, 2016, AR Factoring wired \$480,000 from its account with First NBC Bank in the State of Louisiana to CAST's Bank of America account in the Eastern District of Virginia.

21. Of \$480,000 AR Factoring wired to CAST, \$429,000 was wired to another account controlled by Cross. Thereafter, Cross wired \$52,360.50 of those proceeds (which originated from the AR Factoring wire of \$480,000) to Patil's account with the Bank of Baroda, a multinational financial services and banking company owned by the Government of India.

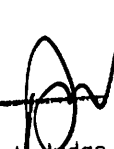
CONCLUSION

22. In light of the above facts, I submit that probable cause exists to issue a Criminal Complaint and arrest warrant for Pranit Gajanan Patil based on a violation of 18 USC Section 1349, Conspiracy to Commit Wire Fraud.



James R. Conner, III
Special Agent, FBI

Subscribed and sworn to before me on April 10, 2019.



David J. Novak
United States Magistrate Judge